

SOURCE CODE ESCROW AGREEMENT

THIS SOURCE CODE ESCROW AGREEMENT (this "Agreement"), is made and entered into this ____ day of _____, _____, by and between Manatron, Inc., a Michigan Corporation (hereinafter "Manatron") whose address is 510 East Milham Ave., Portage, Michigan 49002 and Board of Commissioners, LaPorte County, Indiana (hereinafter "Customer") whose address is 813 Lincolnway, LaPorte, Indiana 46350.

WITNESSETH

WHEREAS, Manatron has granted Customer a nonexclusive license to use certain proprietary application software (the "Licensed Software"); and

WHEREAS, Customer has requested Manatron to furnish Customer with access to the Source Code (as hereinafter defined) corresponding to the Licensed Software; and

WHEREAS, Manatron has agreed to place such Source Code in escrow for the benefit of Customer.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

1. TWO-PARTY ESCROW AGREEMENT. Manatron represents to Customer that it has heretofore entered into the Two-Party Escrow Agreement attached hereto as Exhibit B (hereinafter the "Escrow Agent Agreement") with Fort Knox Escrow Services, Inc. (now known as DSI Technology Escrow Services and hereinafter the "Escrow Agent"). Further, Manatron represents that it has paid all fees currently due Escrow Agent under that agreement.

2. DEFINITIONS. For purposes of this Agreement, the following definition shall apply:

SOURCE CODE. Source Code shall mean the instructions comprising the computer program(s) expressed in the high-level symbolic programming language in which the programmer has written the program. The Source Code shall include system documentation, statements of principles of operation and schematics, all as necessary or useful for the effective understanding and use of the Source Code by a trained computer-programming expert.

3. DEPOSIT OF SOURCE CODE. Manatron hereby represents that it has, or shall within thirty (30) days of the execution of this Agreement, deposit with the Escrow Agent a copy of the Source Code corresponding to the Licensed Software identified on Exhibit A hereto. Manatron further represents that it shall deposit with the Escrow Agent any updates or new releases of the Licensed Software on a timely basis.

4. SOURCE CODE TO CORRESPOND WITH LICENSED SOFTWARE. Manatron represents and warrants to Customer that the Source Code deposited with Escrow Agent will be the source code version of the current release of the Licensed Software, excepting updates which may have been distributed by Manatron since the most recent Source Code deposit.

5. OWNERSHIP OF SOURCE CODE. Manatron represents and warrants that it is the owner of, and holder of all rights in and to, the Source Code, and has the right to grant to Customer the license rights to the Source Code pursuant to Section 8 hereof. Customer acknowledges that the Source Code is proprietary to Manatron and protected under federal copyright law as an unpublished work and under federal and state law as trade secrets.

6. **REGISTRATION OF CUSTOMER AS A BENEFICIARY.** Within thirty (30) days of the execution of this Agreement, Manatron shall register Customer as a Licensee and, therefore, a beneficiary of the Escrow Agent Agreement. Escrow Agent shall confirm said registration, in writing, to Customer.

7. **TERM OF AGREEMENT.** This Agreement shall commence upon execution by the parties hereto and shall continue until the occurrence of any of the following:

- (1) Written agreement signed by Customer and Manatron to terminate this Escrow Agreement
- (2) Delivery of the Source Code to Customer
- (3) Cancellation of the software support services agreement between Customer and Manatron.
- (4) Non-payment by Customer of the fees contained herein.

8. **GRANT OF SOURCE CODE LICENSE.** In the event that the Source Code is delivered out of escrow to the Customer, Customer shall immediately obtain, without further action, authorization or instrument, a non-exclusive, non-transferable license, without the right to sublicense, to use, modify, maintain and update the Source Code solely for the business or governmental purposes of Customer. Customer acknowledges that the license herein granted does not extend to certain compilers, language licenses and other items which are required in order to translate Source Code to executable, machine-readable object code, but which are not proprietary to Manatron.

9. **LIMITS ON USE.** The Source Code for the Licensed Software shall be used only for the processing of Customer's own transactions and maintaining its own records. Customer shall not permit any third party access or use of the Source Code or the related documentation, except by its employees or agents which need such access to carry out their duties in the ordinary and normal course of the Customer's business.

10. **CONFIDENTIALITY.** Upon receipt of the Source Code, Customer shall maintain the Source Code in strict confidence, shall use and disclose it only as reasonably appropriate to exercise Customer's rights in the Licensed Software, and shall use the same degree of care it provides for its own programs in source code form to protect the source Code as proprietary and confidential.

11. **FEES:** Customer agrees to pay Manatron, in advance, the annual fees identified on Exhibit A hereto within thirty (30) days of receipt of invoice. Manatron shall be entitled to reasonably increase its fees for the services provided herein upon thirty (30) day prior written notice to the Customer, but no more than once in every twelve (12) month period.

12. **LIMITATION OF LIABILITY.** MANATRON SHALL, IN NO WAY, BE LIABLE FOR THE EXERCISE BY CUSTOMER OF ANY RIGHTS TO SOURCE CODE GRANTED HEREUNDER, INCLUDING BUT NOT LIMITED TO, ERRORS, PROBLEMS, FAILURES RESULTING FROM USE, MODIFICATION ENHANCEMENTS TO THE SOURCE CODE BY CUSTOMER, OR OTHERWISE DISCOVERED BY CUSTOMER.

MANATRON SHALL NOT BE LIABLE HEREUNDER FOR ANY LOSS OF PROFITS, INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES EVEN IF MANATRON HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, OR BY REASON OF ANY CLAIM AGAINST CUSTOMER BY ANY OTHER PARTY. IN NO EVENT SHALL MANATRON BE LIABLE FOR ANY DAMAGES CAUSED BY IMPROPER OPERATION OF THE LICENSED SOFTWARE OR THE SOURCE CODE THEREFOR.

13. **CHANGE OF ESCROW AGENT.** In the event Manatron's Two-Party Escrow Agreement with Escrow Agent is terminated, canceled or otherwise discontinued, Manatron shall diligently attempt to identify an independent successor escrow agent, reasonably acceptable to Customer, who is agreeable to assuming the obligations of Escrow Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as set forth below.

CUSTOMER

Board of Commissioners, LaPorte County, Indiana

By: 

Title: Commissioner/President, Marlow J. Harmon

Date: 

813 Lincolnway
LaPorte, Indiana 46350
(219) 326-6808

MANATRON, INC.

By: _____

Title: James W. Flake, Executive Vice President

Date: _____

Field Office: 4625 West 86th Street, Suite 800
Indianapolis, Indiana 46268
(800) 422-2835

EXHIBIT A

Licensed Software:

CAMA Appraisal/Assessing - PROVAL

Fees:

Initial Fee: \$0.00

Annual Fee: \$750.00

Licensee Information

Commissioners, LaPorte County, Indiana
Name

813 Lincolnway
Address

Address

LaPorte, Indiana 46350
City, State, Zip

Marlow J. Harman, Commissioner/Pres.
Contact Name

(219) 326-6808
Telephone

(219) 326-5615
Facsimile

EXHIBIT B

TWO-PARTY ESCROW AGREEMENT

BETWEEN

PRODUCER AND FORT KNOX

This Escrow Agreement is intended for use by a Producer (Developer) and DSI Technology Escrow Services (formerly Fort Knox Escrow Services, Inc.) The Producer may escrow multiple products under this Agreement. In addition, multiple Licensees (End Users) may be registered as beneficiaries of this Agreement. Although each Licensee does not sign this Agreement, DSI does notify them of the service.

Two-Party Escrow Agreement

This Two-Party Escrow Agreement ("Agreement") is made as of this ____ day of _____, 200__, by and between Manatron, Inc. ("Producer") and Fort Knox Escrow Services, Inc. ("Fort Knox").

Preliminary Statement. Producer intends to deliver to Fort Knox a sealed package containing magnetic tapes, disks, disk packs, or other forms of media, in machine readable form, and the written documentation prepared in connection therewith, and any subsequent updates or changes thereto (the "Deposit Materials") for the computer software products (the "System(s)"), all as identified from time to time on Exhibit B hereto. Producer desires Fort Knox to hold the Deposit Materials, and, upon certain events, deliver the Deposit Materials (or a copy thereof) to those persons or entities listed from time to time on Exhibit C hereto as a licensee of Producer ("Licensee"), in accordance with the terms hereof.

Now, therefore, in consideration of the foregoing, of the mutual promises hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Delivery by Producer. Producer shall be solely responsible for delivering to Fort Knox the Deposit Materials as soon as practicable. Fort Knox shall hold the Deposit Materials in accordance with the terms hereof. Fort Knox shall have no obligation to verify the completeness or accuracy of the Deposit Materials.

2. Duplication; Updates.

(a) Fort Knox may duplicate the Deposit Materials by any means in order to comply with the terms and provisions of this Agreement, provided that the Licensee to whom a copy of the Deposit Materials is to be delivered pursuant to the terms hereof shall bear the expense of duplication. Alternatively, Fort Knox, by notice to Producer, may reasonably require Producer to promptly duplicate the Deposit Materials.

(b) Producer shall deposit with Fort Knox any modifications, updates, new releases or documentation related to the Deposit Materials by delivering to Fort Knox an updated version of the Deposit Materials ("Additional Deposit") as soon as practicable after the modifications, updates, new releases and documentation have been developed by Producer. Fort Knox shall have no obligation to verify the accuracy or completeness of any Additional Deposit or to verify that any Additional Deposit is in fact a copy of the Deposit Materials or any modification, update, or new release thereof.

3. Notification of Deposits. Simultaneous with the delivery to Fort Knox of the Deposit Materials or any Additional Deposit, as the case may be, Producer shall deliver to Fort Knox a written statement specifically identifying all items deposited and stating that the Deposit Materials or any Additional Deposit, as the case may be, so deposited have been inspected by Producer and are complete and accurate. Fort Knox shall, within ten (10) business days of receipt of any Deposit Materials, send notification to Producer and Licensee that it has received from Producer such Deposit Materials.

4. Delivery by Fort Knox

4.1 Delivery by Fort Knox to Licensees. Fort Knox shall deliver the Deposit Materials, or a copy thereof, to a Licensee only in the event that:

(a) Producer notifies Fort Knox to effect such delivery to a Licensee or Licensees at a specific address or addresses, the notification being accompanied by a check payable to Fort Knox in the amount of one hundred dollars (\$100.00); or

(b) Fort Knox receives from any Licensee:

- (i) written notification and evidence satisfactory to Fort Knox that Producer has (a) failed in a material respect to provide reasonable support of the applicable System(s) as required by a fully-paid support services agreement between Licensee and Producer, or (b) rejected or terminated the license agreement between Licensee and Producer in breach of the provisions of said agreement, including any rejection or termination under Title 11, United States Code, in either case hereinafter referred to as a "Producer Default";
- (ii) evidence satisfactory to Fort Knox that Licensee has previously notified Producer, in writing, of such Producer Default;
- (iii) a written demand that the Deposit Materials be released and delivered to Licensee;
- (iv) a written undertaking from the Licensee that the Deposit Materials being supplied to the Licensee will be used only as permitted under the terms of the license agreement, the escrow agreement or any other applicable agreement between Licensee and Producer;
- (v) specific instructions from the Licensee for this delivery; and
- (vi) a check payable to Fort Knox in the amount of one hundred dollars (\$100.00).

(c) If the provisions of paragraph 4.1(a) are satisfied, Fort Knox shall, within five (5) business days after receipt of the notification and check specified in paragraph 4.1(a), deliver the Deposit Materials in accordance with the applicable instructions.

(d) If the provisions of paragraph 4.1(b) are met, Fort Knox shall, within five (5) business days after receipt of all the documents specified in paragraph 4.1(b), send by certified mail to Producer a photostatic copy of all such documents. Producer shall have twenty (20) business days from the date on which Producer receives such documents ("Objection Period") to notify Fort Knox of its objection ("Objection Notice") to the release of the Deposit Materials to a Licensee and to request that the issue of Licensee's entitlement to a copy of the Deposit Materials be submitted to arbitration in accordance with the following provisions:

- (i) If Producer shall send an Objection Notice to Fort Knox during the Objection Period, the matter shall be submitted to, and settled by arbitration by, a panel of three (3) arbitrators chosen by the Atlanta Regional Office of the American Arbitration Association in accordance with the rules of the American Arbitration Association. The arbitrators shall apply Georgia law. At least one (1) arbitrator shall be reasonably familiar with the computer software industry. The decision of the arbitrators shall be binding and conclusive on all parties involved, and judgment upon their decision may be entered in a court of competent jurisdiction. All costs of the arbitration incurred by Fort Knox, including

reasonable attorneys' fees and costs, shall be paid by the Producer. If, however, a Licensee refuses to submit to such binding arbitration, the matter shall not be submitted to arbitration and Fort Knox may submit the matter to any court of competent jurisdiction in an interpleader or similar action in accordance with paragraph 6(a) hereof.

- (ii) Producer may, at any time prior to the commencement of arbitration proceedings, notify Fort Knox that Producer has withdrawn the Objection Notice. Upon receipt of any such notice from Producer, Fort Knox shall reasonably promptly deliver the Deposit Materials to the Licensee in accordance with the instructions specified in paragraph 4.1(b)(v).

(e) If, at the end of the Objection Period, Fort Knox has not received an Objection Notice from Producer, then Fort Knox shall reasonably promptly deliver the Deposit Materials to the Licensee in accordance with the instructions specified in paragraph 4.1(b)(v). All parties agree that Fort Knox shall not be required to deliver the Deposit Materials until all such fees then due Fort Knox from Licensee have been paid.

4.2 Delivery by Fort Knox to Producer. Fort Knox shall release and deliver the Deposit Materials to Producer upon termination of this Agreement in accordance with paragraph 7(a) hereof.

5. Indemnity. Producer shall indemnify and hold harmless Fort Knox and each of its directors, officers, agents, employees and stockholders ("Fort Knox Indemnities") absolutely and forever, from and against any and all claims, actions, damages, suits, liabilities, obligations, costs, fees, charges, and any other expenses whatsoever, including reasonable attorneys' fees and costs, that may be asserted against any Fort Knox Indemnitee in connection with this Agreement or the performance of Fort Knox or any Fort Knox Indemnitee hereunder.

6. Disputes and Interpleader.

(a) In the event of any dispute between any of Fort Knox, Producer and/or any Licensee relating to delivery of the Deposit Materials by Fort Knox or to any other matter arising out of this Agreement, Fort Knox may submit the matter to any court of competent jurisdiction in an interpleader or similar action. Any and all costs incurred by Fort Knox in connection therewith, including reasonable attorneys' fees and costs, shall be borne by Producer.

(b) Fort Knox shall perform any acts ordered by any court of competent jurisdiction, without any liability or obligation to any party hereunder by reason of such act.

7. Term and Renewal.

(a) The initial term of this Agreement shall be two (2) years, commencing on the date hereof (the "Initial Term"). This Agreement shall be automatically extended for an additional term of one year ("Additional Term") at the end of the Initial Term and at the end of each Additional Term hereunder unless, on or before ninety (90) days prior to the end of the Initial Term or an Additional Term, as the case may be, either party notifies the other party that it wishes to terminate the Agreement at the end of such term.

(b) In the event of termination of this Agreement in accordance with paragraph 7(a) hereof, Producer shall pay all fees due Fort Knox and shall promptly notify all Licensees that this Agreement has been terminated and that Fort Knox shall return to Producer all copies of the Deposit Materials then in its possession.

(c) In the event of termination of this Agreement in accordance with paragraph 8(b) hereof, Fort Knox shall destroy the Deposit Materials and Producer shall promptly notify all Licensees that this Agreement has been terminated.

8. Fees. Producer shall pay to Fort Knox fees in accordance with Exhibit A as compensation for Fort Knox's services under this Agreement.

(a) Payment. Fort Knox shall issue an invoice to Producer following execution of this Agreement ("Initial Invoice"), on the commencement of any Additional Term hereunder, and in connection with the performance of any additional services hereunder. Payment is due upon receipt of invoice. All fees and charges are exclusive of, and Producer is responsible for the payment of, all sales, use and like taxes. Fort Knox shall have no obligations under this Agreement until the Initial Invoice has been paid in full by Producer.

(b) Nonpayment. In the event of non-payment of any fees or charges invoiced by Fort Knox, Fort Knox shall give notice of non-payment of any fee due and payable hereunder to the Producer and, in such an event, the Producer shall have the right to pay the unpaid fee within ten (10) days after receipt of notice from Fort Knox. If Producer fails to pay in full all fees due during such ten (10) day period, Fort Knox shall give notice of non-payment of any fee due and payable hereunder to the Licensee(s) and, in such event, the Licensee(s) shall have the right to pay the unpaid fee within ten (10) days of receipt of such notice from Fort Knox. Upon payment of the unpaid fee by either the Producer or the Licensee(s), as the case may be, this Agreement shall continue in full force and effect until the end of the applicable term. Failure to pay the unpaid fee under this paragraph 8(b) by both Producer and the Licensee(s) shall result in termination of this Agreement.

9. Ownership of Deposit Materials. Fort Knox and Producer recognize and acknowledge that ownership of the Deposit Materials shall remain with Producer at all times.

10. Available Verification Services. Upon receipt of a written request from any Licensee, Fort Knox and such Licensee may enter into a separate agreement pursuant to which Fort Knox will agree, upon certain terms and conditions, to inspect the Deposit Materials for the purpose of verifying its relevance, completeness, currency, accuracy and functionality ("Technical Verification Agreement"). Upon written request from Producer, Fort Knox will issue to Producer a copy of any written technical verification report rendered in connection with such engagement. If Fort Knox and Licensee enter into such Technical Verification Agreement, Producer shall reasonably cooperate with Fort Knox by providing its facilities, computer systems, and technical and support personnel for technical verification whenever reasonably necessary. If requested by any Licensee, Producer shall permit one employee

of such Licensee to be present at Producer's facility during any such verification of the Deposit Materials.

11. Bankruptcy. Producer and Licensee acknowledge that this Agreement is an "agreement supplementary to" the License Agreement as provided in Section 365 (n) of Title 11, United States Code (the "Bankruptcy Code"). Producer acknowledges that if Producer as a debtor in possession or a trustee in Bankruptcy in a case under the Bankruptcy Code rejects the License Agreement or this Agreement, Licensee may elect to retain its rights under the License Agreement and this Agreement as provided in Section 365 (n) of the Bankruptcy Code. Upon written request of Licensee to Producer or the Bankruptcy Trustee, Producer or such Bankruptcy Trustee shall not interfere with the rights of Licensee as provided in the License Agreement and this Agreement, including the right to obtain the Deposit Material from Fort Knox.

12. Miscellaneous.

(a) Remedies. Except for intentional misrepresentation, gross negligence or intentional misconduct, Fort Knox shall not be liable to Producer for any act, or failure to act, by Fort Knox in connection with this Agreement. Any liability of Fort Knox regardless of the cause shall be limited to twenty five thousand dollars (\$25,000). Fort Knox will not be liable for special, indirect, incidental or consequential damages hereunder.

(b) Natural Degeneration; Updated Version. In addition, the parties acknowledge that as a result of the passage of time alone, the Deposit Materials are susceptible to loss of quality ("Natural Degeneration"). It is further acknowledged that Fort Knox shall have no liability or responsibility to any person or entity for any Natural Degeneration. For the purpose of reducing the risk of Natural Degeneration, Producer shall deliver to Fort Knox a new copy of the Deposit Materials at least once every three years.

(c) Permitted Reliance and Abstention. Fort Knox may rely and shall be fully protected in acting or refraining from acting upon any notice or other document believed by Fort Knox in good faith to be genuine and to have been signed or presented by the proper person or entity. Fort Knox shall have no duties or responsibilities except those expressly set forth herein.

(d) Independent Contractor. Fort Knox is an independent contractor, and is not an employee or agent of either the Producer or any Licensee. No Licensee is a party to this Agreement. Producer shall make no representation to any Licensee that is inconsistent with this paragraph 12(d).

(e) Amendments. This Agreement shall not be modified or amended except by another agreement in writing executed by the parties hereto.

(f) Entire Agreement. This Agreement, including all exhibits hereto, supersedes all prior discussions, understandings and agreements between the parties with respect to the matters contained herein, and constitutes the entire agreement between the parties with respect to the matters contemplated herein. All exhibits attached hereto are by this reference made a part of this Agreement and are incorporated herein.

(g) Counterparts; Governing Law. This Agreement may be executed in two (2) counterparts, each of which when so executed shall be deemed to be an original and both of which when taken together shall constitute one and the same Agreement. This Agreement shall be construed and enforced in accordance with the laws of the State of Georgia.

(h) Confidentiality. Fort Knox will hold and release the Deposit Materials only in accordance with the terms and conditions hereof, and will maintain the confidentiality of the Deposit Materials.

(i) Notices. All notices, requests, demands or other communications required or permitted to be given or made under this Agreement shall be in writing and shall be delivered by hand or by commercial overnight delivery service which provides for evidence of receipt, or mailed by certified mail, return receipt requested, postage prepaid, and addressed as follows:

- (i) If to Producer:
to the address listed on the signature page hereof
- (ii) If to Fort Knox:
Fort Knox Escrow Services, Inc.
2100 Norcross Parkway, Suite 150
Norcross, GA 30071 USA
E-mail: info@fortknoxescrow.com
Attn: Contracts Administrator

If delivered personally or by commercial overnight delivery service, the date on which the notice, request, instruction or document is delivered shall be the date on which delivery is deemed to be made, and if delivered by mail, the date on which such notice, request, instruction or document is received shall be the date on which delivery is deemed to be made. Any party may change its address for the purpose of this Agreement by notice in writing to the other parties as provided herein.

(j) Survival. Paragraphs 5, 6, 8, 9 and 12 shall survive any termination of this Agreement.

(k) No Waiver. No failure on the part of any party hereto to exercise, and no delay in exercising any right, power or single or partial exercise of any right, power or remedy by any party will preclude any other or further exercise thereof or the exercise of any other right, power or remedy. No express waiver or assent by any party hereto to any breach of or default in any term or condition of this Agreement shall constitute a waiver of or an assent to any succeeding breach of or default in the same or any other term or condition hereof.

END